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# **Mega-project meltdown: Post-politics, neoliberal urban regeneration and Valencia's fiscal crisis**

**By Amparo Tarazona Vento**

## **Introduction**

In January 2008, some months before the general election, the Spanish president, Rajoy, asserted that the Valencian regional government was an example of good economic management (Conejos, 2008). In his own words, 'that is the model that I want to apply for the Government of Spain' (Informacion.es, 2012). Five years later, in July 2013, Valencia was the first autonomous community to ask for a central government bailout in order to be able to meet its payment obligations (Terrasa, 2012). What happened between these two moments? As I will discuss, Valencia's emphasis on the use of mega-projects and international events in order to achieve urban revitalisation and economic regeneration lies at the heart of the regional government's fiscal crisis. Furthermore, through the case study of Valencia, I will argue that urban mega-projects are conduits of neoliberal globalisation and a depoliticisation of the public sphere.

Both the theoretical discussion in the first section of the paper and the empirical discussion in the following section will be structured around three main points. First, the social and economic effects of urban mega-projects will be evaluated. Second, the literature on neoliberalism as a mode of governance will be used to analyse the outcomes of mega-projects in terms of governance. Third, the literature on post-politics and post-democracy will be used to explore how the use of mega-projects has contributed to the depoliticisation of society.

The analysis presented in this paper is part of a larger study of urban politics in Valencia. The empirical material on which it is based includes sixty-two interviews with key actors (conducted face to face between May and December 2009), over 1,200 newspaper articles and secondary data drawn from published material.

The interviewees – selected on the basis of their specific first-hand knowledge of the urban policy – include politicians, public agencies, planning officials, architects, business groups, developers' organisations, estate agents, professional bodies, political parties, journalists, community representatives and other interest groups.

It is worth noting that although the period of conducting the interviews coincided with the early stages of several judicial processes relating to charges of corruption linked to mega-projects, this did not have a huge impact on research access, perhaps because

public contestation and the sensitivity of the topic had not reached very high levels at that point.

*Mega-projects, inequality and fiscal crisis*

Since the 1970s, an entrepreneurial approach to urban governance, which aims to attract investment and achieve economic growth, has become common in developed capitalist countries, geographically and across political views (Hubbard and Hall, 1998). Although the specific strategies used by cities to attract investment vary, their success is always, to some extent, dependent on market forces and implies some sort of inter-urban competition in the city's attempt to enhance its comparative advantages (Jessop, 1997). The focus of entrepreneurial policies is on speculative urban investment and the construction of place rather than job creation and social welfare. Thus, the construction of an attractive built environment is seen to attract investment by two means. On the one hand, it appeals to professionals and tourists (Leitner and Sheppard, 1998). On the other hand, an appropriate image reduces the perceived risk of investing in property – typically based on estimates of future increases in rents and value – by signifying the city's compromise with the property sector (Haila, 1998). Therefore, entrepreneurial urban policies generally include the re-imaging of the city through place promotion and the construction of prestige urban mega-projects.

These entrepreneurial policies are expected to generate economic activity and employment; however, empirical studies have suggested that, although they do renovate the urban landscape and give an impression of economic regeneration, they have failed to redress the employment, social and fiscal situations of cities (Leitner and Sheppard, 1998). Thus, it has been argued that the use of prestige mega-projects is not a solution for economic regeneration for many reasons. First, it does not produce a rise in economic activity (Imrie and Thomas, 1999). Second, its alleged role in encouraging private sector development or investment has not proved to be true (Cochrane, 1999). Third, construction activity does not necessarily imply more local employment and the employment that is generated is insecure and low-wage, unskilled work (Turok, 1992). Moreover, the promised trickle-down generated by mega-projects – in substitution for investment in welfare – has proved to be absent or very limited (Cochrane, 1999; Imrie and Thomas, 1999).

Even when entrepreneurial strategies based on mega-projects do succeed in attracting investment, they have proved to exacerbate distributive inequalities of wealth and income (Hubbard and Hall, 1998). On the one hand, concentration on image diverts attention from economic and social problems. On the other hand, since the viability of urban mega-projects depends on the returns from land revalorisation, they tend to displace the population because of gentrification processes (Evans, 2005). Thus, property markets contribute to the creation of fragmented urban landscapes and

accentuate socio-spatial polarisation and exclusion processes (Swyngedouw et al., 2002).

In addition, the benefits of the revalorisation of the land and the built environment are almost exclusively reaped by the elite. Given the speculative nature of the investment, there is financial risk involved, and this is carried by the public sector since prestige mega-projects are almost always state-led and state financed (ibid). Thus, the state's engagement in the development of costly iconic architecture and the hosting of international events has resulted in a net transfer of wealth from the public to the private sector through the built environment (Harvey, 1989).

#### *Mega-projects as conduits of neoliberal governance*

Urban mega-projects – Moulaert et al. (2005) have argued – are conduits of globalisation; considered at a structural level, processes of globalisation entail the transfer of global elements of neoliberalism as entrepreneurial urban policies spread. As explained by Keil (2002:239), 'the concrete implementation of new technologies of power has played a key role in these processes of neoliberalization'. Therefore, mega-projects can also be considered conduits of neoliberalisation or, more specifically, drivers of change leading to more neoliberal forms of governance, which involve an approach to governance that is based on public-private partnership, authoritarianism and a lack of democratic accountability (Keil, 2002; Jessop 2002).

An approach to governance that entails the mobilisation of key private actors – through business elite leadership but more often through public–private partnerships – is defended, from a neoliberal perspective, on the grounds that it is allegedly more technically efficient, flexible, collaborative and participative (Jessop, 1997). Thus, the practice of partnership has become the preferred organisational model, and semi-public organisations for the delivery of urban mega-projects have proliferated (Swyngedouw et al., 2005).

The growth of partnerships can be considered an instance of the broader move towards a more flexible, less hierarchical and stakeholder-based style of decision-making (Rodríguez et al., 2005). Although this approach is often portrayed as more bottom-up and participatory, in practice only a limited group of professionals and members of the elite – architects, planners, developers, financiers and business leaders – are allowed to take part in decision-making. The input of the general public is restricted and postponed to very advanced stages of the process when the important decisions have already been made, given that the main responsibility lies with the ‘experts’ (ibid). In this way, certain groups are excluded from the decision-making process, while the interests of the city are identified with those of members of the business elites and privileged social groups.

The need to create networks of collaboration between elite groups and the public sector in order to achieve the necessary stability to compete for state and private investment

has led these partnerships to restrict access to information and data in order to prevent external actors from destabilising the cohesion of the networks (Swyngedouw et al., 2002). Thus, democratic debate about the costs and benefits of the mega-projects is generally avoided and information about the real financial costs is not made available to the public (Swyngedouw et al., 2005). Furthermore, the transfer of public funds into private hands occurs in an obscure way, 'and since relatively few people are directly injured, it is difficult to mobilize opposition' (Orueta and Fainstein, 2008:761).

This shift towards quasi-private management structures and the consequent partial loss of public control over the decision-making and development processes has been described as a privatisation of governance and planning, since the new delivery bodies displace governmental and planning institutions (Imrie and Thomas, 1999). This privatisation entails the redistribution of power and competencies away from elected local governments and towards the private sector via subordinating the local authorities to such quasi-private bodies and redefining their role to make them become mere strategic enablers of the regeneration process (ibid). The privatisation of planning is enhanced by the widespread practice of applying exceptionality measures to the design and implementation of mega-projects, which is justified on the grounds of their scale and their significance for the whole of the city, and the need for greater technical efficiency and shorter delivery times (Swyngedouw et al., 2002).



*Depoliticisation through mega-projects*

Beyond leading to more autocratic and privatised forms of decision-making, looking through the lens of the growing literature on post-politics and post-democracy – which point to the emergence of a consensus democracy in which the status quo is not fundamentally questioned (Swyngedouw, 2011) – the mechanisms used to implement mega-projects can be seen to be intimately linked to processes of depoliticisation.

As previously discussed, mega-projects can be considered conduits for neoliberal modes of governance and, from a governmentality point of view, post-democracy, just like neoliberalism, is characterised by a technocratic and privatised management of the public sphere (Swyngedouw, 2010). However, neoliberalism is more than ‘a diffuse regime of political-economic power’ or ‘a very loose bundle of political practices and governmentalities’ (Leitner et al., 2007:316-317). It entails the extension of market values to all spheres of life, including the psychological sense of self. As Kamat (2015) has argued, the literature of post-politics can help understand the ideological implications of neoliberalisation.

Considering that the post-political represents – institutionally – ‘the reduction of the political to the economic’ and – ideologically – ‘the end of utopia’ (Wilson and Swyngedouw, 2015:8), which entails the incapacity to imagine an alternative to neoliberal capitalism, it is obvious how fundamentally related processes of

neoliberalisation and depoliticisation are. According to Kamat, depoliticisation is central to the maintenance and advance of neoliberalism or, in her words, to ‘institut(ing) a political culture that is indispensable to the neoliberal growth strategy’ (Kamat, 2015:67-68). Certainly, a consensual democracy is crucial to support the neoliberal project both ideologically and psychologically.

In that respect, by signifying the city’s commitment to creating a ‘welcoming business environment’, prestige mega-projects do symbolise ‘the reduction of the political to the economic’ (Wilson and Swyngedouw, 2015:8). Moreover, iconic architecture, through its capacity of seduction, contributes to mentally blocking the possibility of alternative policies for entrepreneurial urban regeneration.

The conceptual core of post-politics is represented by the distinction between politics – as the practices that create social order by trying to ‘ground a particular set of power relations on an ultimately absent foundation’ – and the political – as the evidence of the absence of an ultimate ground of society, which leaves open the possibility of creating a different social order (Wilson and Swyngedouw, 2015:10). Post-democracy or post-politics operate, according to Rancière, through different forms of disavowal (archi-politics, para-politics and meta-politics) which conceal the absence of an ultimate ground of society or, according to Žižek, through foreclosure, the denegation such absence.

Archi-politics is a tactic of depoliticisation that is based on the idea of a community that lives in harmony. Para-politics is based on the idea of the reduction of antagonism to superficial competition within an established order, while meta-politics is based on the conception that all forms of societal inequalities derive from an essential one (economic, for instance). To these three Žižek adds ultra-politics, which is based on the construction of an enemy with which disagreement can only be managed in terms of violence.

Also from this perspective, mega-projects can say something about how, empirically, the political is disavowed. If, as Rancière and Mouffe do, the emphasis is put on post-politics or post-democracy ‘as an ideal of consensus, inclusion and administration’ (Dean, 2015:264), mega-projects have proved to be useful tools to generate consensus and displace debate to issues of purely technocratic administration. The archi-political tactic of presenting policies based on mega-projects as policies with no winners or losers is supported by a physical reality – iconic architecture – that signifies the image of economic growth and regeneration which is being presented to the public. If, as Žižek does, the emphasis is put on ‘post-politics as the foreclosure of class struggle’ (Wilson and Swyngedouw, 2015:14-15), the populist discourse often linked to mega-projects goes beyond creating consensus; it homogenises society and sublimates class conflicts into other types of difference. Actually, in addition to the openly discussed goal of achieving economic regeneration, the unmentioned but clearly important goal of iconic

mega-projects is to convince citizens of the virtues of competitive strategies (Hubbard, 1996), creating the illusion of a harmonious, united and homogeneous community which competes globally for tourism and prestige.

On the other hand, since society is inevitably instituted on an absent ground leaving any social order open to disruption, post-politicisation is a necessarily incomplete process. Moreover, rather than bringing about ‘the return of the genuinely political’, politics can only twist the established order (Van Puymbroeck and Oosterlynck, 2015:103). The empirical focus turns, then, to understanding better through which mechanisms and practices the post-political order is constituted, but also how it can be challenged and disrupted. As some authors have argued, this includes everyday practices and the ‘micro-politics of resistance’ (Mitchell et al., 2014; Larner, 2015). However, it is also worth exploring how effectively any specific form of re-politicisation can contribute to undermining the established social order and to establishing a different one.

### **The meltdown of Valencia’s mega-projects**

Valencia – the third biggest city in Spain – is ideal to analyse the outcomes of a policy based on mega-projects and events because, in Valencia, it became almost the only policy and was pursued over time by both conservative and social-democratic regional and local governments.

In 1982, some years after the return of democracy, a new State of the Autonomies was instated in Spain. Valencia became the capital city of the Valencian Autonomous Community and the seat of the regional government. The city and the region were going through a process of deindustrialisation, and Valencia had to find its place in the Spanish and European systems of cities. With this in mind, successive local and regional governments<sup>1</sup> made large public investments in infrastructure, prestige architectural projects and the organisation of international events with the objective of re-imagining the city to make it attractive for investment and tourism. Therefore, the city developed several flagship projects. Two of the most significant ones which encapsulate what mega-projects have meant for Valencia are The City of Arts and Sciences and the hosting of the America's Cup sailing competition.

The City of Arts and Sciences – a 350,000-metre-square cultural complex commonly known as The City of Sciences – was conceived in the late 1980s by the socialist regional government and took over 20 years to be completed. By then the regional government was in the hands of the conservatives, and the initial project had been modified and several buildings had been added to it. The project, entirely paid for by the regional government, includes a planetarium, a science museum, a museum of oceanography, an opera theatre and a multi-functional building called the Agora. Apart from the oceanography museum, the rest of the complex has been designed by global star architect Santiago Calatrava, who is Valencian. According to Calatrava:

The importance of the City of Arts and Sciences is that during the fifteen years during which work has progressed, the political parties in power have changed, but all have recognised the importance of this project. This is the reason for it to continue independent of politics. The City of Arts and Sciences is the achievement of a democracy and celebrates democracy. (Torres, 2005:143)

The other important project for Valencia was the hosting of the America's Cup sailing competition in 2007. The city was selected to host the competition after a Swiss team won the 31st edition and needed to find a place to host the 32nd edition. The designation, based on just a few sketches of the port, was considered to be a demonstration of Valencia's entrepreneurialism.

The city transformed itself, the inner harbour area in particular, to adapt to the needs of the competition. The transformation of the inner harbour area was managed by *Consorcio Valencia 2007*, a consortium formed by the central, regional and local governments. The consortium applied for a loan from the Official Institute of Credit – a public body dependent on the Spanish Ministry of Economy – and approved an investment plan of 444 million euros for the works to be conducted in the area. The works included a new canal in the inner harbour giving access to the open sea, recreational open spaces, the teams' bases, a marina, and an iconic representative building by the British global architect Chipperfield.

### *Valencia's fiscal crisis*

Valencia's physical transformation as a result of the investment in mega-projects produced a new Valencia with an improved image which attracted international media attention, improved the population's self-esteem, attracted tourism and was electorally profitable for the party in office (Interview with regional Minister of Industry, Commerce and Tourism (1987–1993), 23 September 2009; interview with editor-in-chief of *Valencia City* magazine, 25 September 2009). However, the results in terms of economic regeneration are not as positive.

The City of Sciences and CACSA – the public corporation which manages it – made a loss from the start. As early as 1999, with only the planetarium finished and functioning, CACSA could not balance its accounts despite the high number of visitors and arranged a set of loans from different banks for a total of 345 million euros. In 2005, CACSA's accumulated debt was 713 million euros. As the complex grew, so did the expenses and, in 2007, the expenses of more than 192 million euros could not be balanced by the 34.5 million euros of turnover, creating a continuous dynamic of accumulated economic loss.

In order to avoid CACSA's compulsory liquidation due to bankruptcy, the regional government – which had signed an agreement committing itself to ensuring that the

company's financial structure remained balanced (Olivares, 2008) – injected capital into the public corporation several times. Thus, between 1996 and 2009 there were no less than eleven injections of public capital, the last ones of 115 million euros in 2006, 113.3 million euros in 2008 and 72.7 million euros in 2009 (El País, 2008b). Moreover, CACSA's economic losses went hand in hand with cost overruns, which averaged around 200% for the whole complex and ranged from 178% for the planetarium to 440% for the museum of oceanography.

The infrastructure created for the America's Cup is another example of difficult economic returns. The inner harbour area – which, through its exploitation, was supposed to provide the capital to repay the loan – remained deserted after the sailing competition finished in 2007; the restaurants gradually had to close due to the lack of clients and the area failed to generate any income. Similarly, only 6% of the 311 moorings for mega-yachts in the marina were occupied in 2009 (Zafra, 2009). Therefore, the consortium started accumulating losses because the income from the exploitation of the inner harbour was lower than the running costs. In 2006, the balance sheet showed negative equity, which would have forced the consortium to dissolve if it had had to abide by the regular trading rules for corporations. In 2008, the total loss was 30.6 million euros. The three administrations represented in the consortium agreed to inject capital of a total of 40 million euros in 2006, but only the central government contributed its share, 16 million euros. In 2011, the losses were 18 million euros, and



the consortium had not repaid any of the capital loaned for the infrastructure works even though the loan should have been repaid in 2010.

However, according to the conservative regional government, the objective of the mega-projects and events was not their economic profitability but their positive impact on the regional economy. The regional Director General for Economy explains the government's viewpoint:

The accounts of The City of Sciences have always been in the red, for various reasons. But the thing is that as a public initiative it cannot charge market prices, neither in the museum, the planetarium and not even in the opera palace, which is intrinsically loss making. But these are book losses; if you take into account all the knock-on benefits in terms of jobs, activity, hotel- and restaurant-trade, etc., the returns are very positive. (Interview with regional Director General for Economy (1995–1998), 1 July 2009)

The regional government claimed that the benefits from the mega-projects and events had been received by 'society as a whole'. Yet the alleged generation of wealth for 'society as a whole' has not materialised. For instance, the America's Cup was expected to generate a 1% increase in the regional GDP, according to the economic impact reports commissioned by the regional government. But, in 2007, the total increase of

the Valencian regional GDP was 5.9%, while the total increase in Spain was 7%. In 2009 – when the 33rd edition of the competition took place in Valencia – the variation in the GDP was –3.1% in Spain and –3.8% in the Valencian Community (Instituto Nacional Estadística, [www.ine.es](http://www.ine.es)).

Furthermore, Valencia's urban policy did not result in important changes in the productive structure of the city at the metropolitan level, where the service sector continues to predominate, although the construction and property sectors have increased their influence (Banyuls and Sánchez, 2007). For instance, in 2008, commerce and the hospitality sector represented 26% of the total metropolitan employment, construction represented 9% and property and business services 15% (Oficina Estadística Ajuntament Valencia, 2008).

In addition, Valencia's urban policy contributed to the promotion of a regional economy based on tourism and construction. In 1994, the construction sector contributed 7.4% to the regional GDP, 10% in 2000 and, in 2009, after the property bubble burst, the construction sector contributed 11% of the regional GDP and 14.8% of the total regional employment (Boira, 2012). The conservative regional president, Camps, in his public speeches, described projects such as The City of Sciences and the America's Cup as 'tourism factories of the 21st century' (Pérez, 2007) and insisted that the construction sector had 'to continue being the main driving force of the economy, job creation and

welfare' (Ferrandis, 2009a). This economic model generated low-wage, precarious jobs. In fact, between 2002 and 2010, the average annual salary in construction, commerce, the hospitality sector and businesses services was between 30% and 40% lower than the Spanish average (Instituto Nacional Estadística, [www.ine.es](http://www.ine.es)). Also, the regional temporary employment rate in Valencia in 2008 was 32.3%, whereas the Spanish average was 29.3% (Cámara Comercio Valencia, 2010).

In addition, the emphasis on mega-projects and events drained funds from health, education and social protection – for which the regional tier of government has exclusive responsibility – in a turn from welfarism to entrepreneurialism. In fact, between the years 2000 and 2008, per capita public social expenditure in the Valencian Community gradually and substantially decreased compared with the Spanish average, as table 1 shows.

Table 1. Per capita public social expenditure.

		2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Education</b>	Valencian Community	798	829	751	725	768	785	791	838	884
	Spain	666	698	769	813	871	901	965	1.033	1.107
	Differential	132	131	<b>-18</b>	<b>-87</b>	<b>-103</b>	<b>-116</b>	<b>-174</b>	<b>-196</b>	<b>-223</b>
<b>Health</b>	Valencian Community	864	895	883	963	1.058	1.128	1.118	1.189	1.252
	Spain	821	861	918	976	1.085	1.193	1.267	1.344	1.453
	Differential	43	34	<b>-35</b>	<b>-13</b>	<b>-26</b>	<b>-65</b>	<b>-149</b>	<b>-154</b>	<b>-201</b>
<b>Social protection</b>	Valencian Community	1.866	1.943	2.020	2.081	2.207	2.325	2.407	2.565	2.740
	Spain	2.058	2.161	2.294	2.420	2.567	2.711	2.883	3.069	3.345
	Differential	<b>-192</b>	<b>-218</b>	<b>-274</b>	<b>-340</b>	<b>-360</b>	<b>-386</b>	<b>-476</b>	<b>-503</b>	<b>-605</b>
<b>Total</b>	Valencian Community	5.951	6.141	6.231	6.290	6.632	6.937	7.163	7.636	8.041
	Spain	6.108	6.337	6.851	7.143	7.650	8.079	8.602	9.227	9.884
	Differential	<b>-157</b>	<b>-196</b>	<b>-620</b>	<b>-853</b>	<b>-1.018</b>	<b>-1.143</b>	<b>-1.439</b>	<b>-1.591</b>	<b>-1.843</b>

Source: Elaborated by the author with data from Observatorio Social de España

The effort to situate Valencia globally contrasted with how day-to-day investment in the neighbourhoods was neglected. The President of the Federation of Residents' Associations expresses it very well:

From our viewpoint, until they don't show us profit figures we have not benefited. We might have benefited by putting Valencia on the map; Valencia (Spain), Formula one, America's Cup, but as I've already said – have we got a cutting-edge education, have we got a cutting-edge healthcare, better hospitals than anyone else, incredible services for the elderly? Well the answer is clearly no. (Interview with President of the Federation of Residents' Associations of Valencia, 2 November 2009)

As a result, an improvement in equality did not take place. For instance, between 1996 and 2007, a period of economic growth, income distribution showed no improvement in terms of equality, while the percentage of relative poverty increased from 13.3% to 15.2% (Azagra and Romero, 2012). In 2010, the economic crisis had brought inequality and poverty to levels higher than those present in the early 1980s (ibid).

The investment in mega-projects also left the regional government highly indebted. As early as 2001, Moody's report gave a warning about the high financial risks that CACSA represented for the regional government (El País, 2001). In fact, all the budgetary increments of the regional ministries of that year were absorbed by the

payment of debt interests. In 2004, the regional government had a debt of 10,098 million euros, 11% of its GDP, which made it the most indebted region in Spain. By 2005, if the rules for private corporations had applied, the regional government would have had to be dissolved (García del Moral, 2006). In 2007, the Valencian regional government, with 11,500 million euros of total debt – representing 11.4% of GDP – continued to be the most indebted in Spain (El País, 2008a). According to Moody, most of the debt increase was due to the indebtedness of the public corporations – including CACSA and others – and the bank guarantees given to them (Ferrandis, 2008). With the economic downturn, the problem of indebtedness and the difficulties of maintaining the mega-projects built during the economic boom were made more evident, and in 2013 the Valencian regional government was the first one to ask for a bailout from central government.

While the state carried the financial risks and remained bankrupt, the construction and property sectors reaped the bulk of the economic benefits generated by mega-projects and events, as the economic impact reports of both The City of Sciences and the America's Cup commissioned by the regional government suggest. Therefore, instead of there being a net transfer of wealth to society as a whole, in reality there was a transfer of public money into private hands.

*Neoliberal urban regeneration in Valencia*

Beyond the image and the physical, social and economic outcomes, there are less visible consequences of Valencia's urban policy, which brought about profound governance changes.

In fact, the mechanisms used to implement mega-projects and events played an important role in managing the city 'on a seat-of-the-pants basis in the interests of the favoured few and their vested interests', as described by a local ecologist group (Zafra, 2004). First, for the majority of them, exceptionality measures were applied using the justification of efficiency, the speeding-up of procedures and the social interest of the projects. The second main mechanism that was used to take decision-making out of the citizens' control was the transfer of management to public-private organisations.

The America's Cup is an example of how exceptionality measures were applied. Time pressures and the conservative central government's declaration of the 'special interest' of the event were used to speed up hiring processes and to skip procedures. For instance, as explained by the first director of the consortium, the master plan needed for the candidature project of the America's Cup was commissioned without any competition to the office of the mayor's trusted architect because they had already worked in the area and

there was no time for any other option. There was no question of saying, 'let's see how the project pans out', but rather 'I need this in 15 days'. (Interview with Director of Valencian Convention Bureau, 9 July 2009)

Once the city was designated, the candidature project became the definitive one and the infrastructure works were contracted out by direct hiring because there was no time to call for bids (Interview with Project and Conservation Manager of *Valencia 2007 Consortium*, 29 October 2009).

Both The City of Sciences and the America's Cup provide examples of the transfer of management to public-private organisations. VACICO, which then changed its name to CACSA, was created to deal with the construction and management of The City of Sciences to speed up processes and to skip bureaucratic procedures, for instance it allowed more freedom in terms of hiring staff. CACSA's president is the regional minister for the economy, and it has an administration board of ten people. Its capital is public but it is managed as a private company. Being a public-private organisation, its obligations of transparency are less strict than the public administration's. The ex-director of the Calatrava office in Valencia explains how it functions very graphically:

What you do is, you receive public money, pay it into cash and work from then on as a private firm: you manage it and come up with a more professional approach or you try to ensure a more professional money-management approach



from this firm. (Interview with ex-director of the Calatrava office in Valencia, 14 May 2009)

Thus, despite the continuous demands of the press and political opposition, the regional government avoided giving information about CACSA's contracts – for instance regarding Calatrava's fees – on the grounds that that information was a 'professional secret' between the two parties (Ferrandis, 2009b). In turn, the different annual reports of the regional public-auditing body questioned CACSA's contract-awarding system and even advised of a possible misappropriation of public funds. For instance, in 2006 the report pointed out the 'scandalous amount of shoo-in contracting without abiding by any principle of publicity or even-handedness' (García del Moral, 2006).

Moreover, in 2001, with the excuse of creating a more efficient management and making it easier to set up contractual relations (Olivares, 2001), CACSA was divided into four limited companies, the directors of which do not have to answer to a governing body or a shareholders' board. In addition, the quantity of information they must make public was further reduced.

Similarly, referring to VEPI – a foundation created with 50% local and 50% regional public capital to promote Valencia's tourism on the occasion of the America's Cup – a socialist party city councillor complains that

an instrumental company has been set up that is unaccountable to anyone from the opposition or the public at large who might like to know what is being done with public money. No account is rendered of the reports and it has been used for contracting companies or hiring personnel at will, even in the current crisis, to organise the event. (Interview with city councillor, 3 November 2009)

Ultimately, the exceptionality measures and the privatisation of management – through the creation of semi-public foundations and public corporations – resulted in a lack of transparency and a lack of democratic control, which often led to corruption.

#### *The decline of democracy in Valencia*

In addition to being conduits of neoliberal modes of governance, Valencia's mega-projects are intimately linked to the establishment of a 'consensual autocratic post-political post-democracy' (Swyngedouw, 2011).

Certainly, mega-projects and events were managed by making use of a myriad of semi-statal bodies of the likes of CACSA and VEPI. The stress was clearly on efficient management rather than on having an ideological programme, as the words of CACSA's business director illustrate:

[The City of Sciences' objectives] were very generic, such as, for example, the generation of wealth, welfare, urban revitalisation of the area. In addition, they are goals that any government that comes to power would commit to as they are generally positive. (Interview with business director of CACSA, 27 October 2009)

Similarly, the announcement that Valencia would host the America's Cup in 2007 was greeted as a great opportunity by different civic and business groups: an opportunity to finish the city's waterfront, to regenerate the impoverished maritime neighbourhoods, to boost central government investment in infrastructures and to attract high-end tourism. (Biot and Velert, 2003).

Ideological struggles were replaced by discussions about technical and environmental issues. Thus, the general agreement about the benefits of the America's Cup was qualified with references to the need for the competition to be 'sustainable', particularly regarding property speculation and the environmental impacts on the coastline. In that sense, the debate revolved mainly around the infrastructure project for the inner harbour and how to minimise its inevitable environmental impact. In the words of a local architect, 'Who is not going to agree about bringing in an event of this type? No, but the problem is how it is carried out' (Interview with author of Valencia's inner harbour open spaces, 1 October 2009).

Privatised and technocratic governance was accompanied by a populist politics and discourse, which caused the intensification of depoliticisation. The conservative regional and local governments – using an archi-political tactic of depoliticisation – insisted that mega-projects and events were good for the Valencian people as a whole. By taking ‘the Valencian people’ as the universal political subject, internal ideological and social conflicts were denied and therefore democratic political action became a question of deciding who was the best manager and administrator of the public purse and the ‘common’ interest of the Valencians. This populism was reflected in the press, which was one of the main instruments to gain popular consent, as a local journalist of *El País*<sup>2</sup> explains:

They’re playing on the populist gullibility of ‘Great! We’re going to have the biggest...’ (...) And the grandiloquence tends to drown out any possible debate of the rational elements like what is good and bad about the project, above all because it’s fissureless; it leaves no space or gaps for any sensible discussion. ‘Either you’re with me or against me; either you’re in favour of Valencia becoming something important or you’re a traitor to this idea.’ (Interview with journalist of *El País* in Valencia’s editorial office, 2 October 2009)

Identity politics was used to dismiss dissent by accusing those who disagreed with the urban policy of being un-Valencian. Mega-projects became the representation of the

people's feelings of local pride and identity and, as the director of *El Mundo*<sup>3</sup> in Valencia asserts, even the politicians in the opposition realised that it was electorally more profitable to support them than not to (Interview with Director of the editorial office of *El Mundo* in Valencia, 27 October 2009).

Prestige architecture played an important role in generating popular consensus too. Calatrava's City of Sciences is the most paradigmatic instance of this, but the urban transformation for the America's Cup is also a case in point, as a left-wing member of the regional parliament explains:

There's been no opposition ... no social debate. Why? Because the next day's papers print pictures of the future development of that whole area and the reaction is: 'How lovely! I like that!' They show you the other project, whatever, and you go: 'How lovely! I like that!' (Interview with ex-candidate for the regional government's presidency, 12 May 2009)

Moreover, following what could be considered an ultra-political rationale, both the conservative regional and the conservative local governments distracted attention from social antagonism by focusing on the construction of an 'external' enemy, in this case the socialist central government, which they continuously accused of hindering strategic projects such as the America's Cup. For instance, a conservative regional politician made the following accusation: 'Zapatero's government doesn't know what to invent to

damage the Valencian Community' (Velert, 2004). Actually, the fact that Valencia has been ill-treated in reference to central government funding continues to generate consensus locally and regionally among the main political parties, including that in office in the central government.

Populism, focused on the politics of identity and self-esteem, fostered a consensual politics in which real political choice did not exist, only staged antagonism. Certainly, Valencia's urban policy enjoyed wide consensus within the main political parties, influential local economic groups and the general public for a very long time (Interview with director of the editorial office of *El Mundo* in Valencia, 27 October 2009). Opposition to the urban policy came from a limited number of very specific groups – urbanists, intellectuals and ecologists – and did not have much impact on the general population.

But if The City of Sciences is, according to Calatrava, representative of Valencia's democracy, it also became a metaphor for the state of democracy. In 2013, seven years after the building was inaugurated, a section of the 8,000-metre-square mosaic which covered the outer skin of the opera palace fell off, the rest had to be stripped off to avoid further deterioration and performances were cancelled (Europa Press, 2014).

## **Conclusions**

The most evident results of Valencia's urban policy, besides the physical transformation, were social inequality, underinvestment in social services and fiscal crisis, in short, a net transfer of wealth from the public to the private sector through the built environment.

But, beyond the disastrous social and economic outcomes, the mechanisms used to implement mega-projects led to the institution of more authoritative and privatised forms of decision-making, which resulted in a lack of transparency, lack of democratic control and, ultimately, corruption. Indeed, mega-projects are conduits of neoliberalisation and, therefore, the literature of neoliberalism as a mode of governance is useful to explore the implications of entrepreneurial urban regeneration policies for democratic decision-making.

Moreover, mega-projects played a crucial role in the establishment of a consensual post-democracy by turning the focus from ideological struggle to technocracy and by being the centre of a populist discourse that foreclosed ideological debate.

Bearing witness to how inevitably linked neoliberalisation and depoliticisation are, the case of Valencia shows not only how fundamental a consensual democracy is to support the neoliberal project both ideologically and psychologically but also the central role

that iconic mega-projects play in this. Thus, linking the literature of post-politics to that of architecture and globalisation opens new paths to exploring further neoliberalism from an ideological perspective. Empirically, it emphasizes the importance of issues of seduction, embodiment and symbolic representation – in this case in relationship to iconic architecture and the populist discourse constructed around mega-projects – for the disavowal the political and therefore for the construction of the post-political.

The consensus generated by mega-projects rested to great extent on the power of seduction and symbolism of iconic architecture. Mega-projects became the representation of feelings of local pride and identity, distracting in this way attention from social antagonism and contributing to mentally blocking the possibility of alternatives for entrepreneurialism.

The implication this has for political agendas is that if symbolic representation is important for the construction of the post-political and for supporting neoliberalism it can also be a useful tool for contesting them, as the case of Valencia also suggests.

The 2008 economic crisis stimulated, in Spain, the appearance of new social movements, which nurtured a process of incipient re-politicisation. In Valencia, as austerity measures intensified and the regional government's bankruptcy was more evident, the voices criticising the urban policy, which by 2011 had been put in the limelight by the press and *Indignados* movement as the visible cause of the region's



economic problems and deteriorated democracy, started to become louder and more numerous, and, finally, had electoral consequences.

In 2015, *Compromís*<sup>4</sup>, in coalition with the socialist party and *València en Comú*<sup>5</sup>, put an end to twenty-four years of rule by the conservative mayor Barberá, while a socialist president was elected to govern the region in coalition with *Compromís*. ‘Regenerating democracy’ (albeit certainly within the established social order) was seen as the mandate of the new local and regional governments.

Both *València en Comú* and *Compromís* were involved in changing people’s perceptions of mega-projects, and made use of – and benefited electorally from the use of – symbolic representation to contest the established common sense regarding Valencia’s entrepreneurial urban policy.

On the one hand, in contrast with the elitist and authoritarian decision-making of which mega-projects were both conduits and symbol, the *Indignados* movement – translated electorally in *València en Comú* – provided the symbolism of being-in-common and of participatory decision-making. The deliberations in the occupied squares – besides an opportunity for many of hearing an account of mega-projects different to the official one and to imagine a different Valencia – became the symbolic representation of a new way of doing politics.

On the other hand, the same mega-projects that symbolised ‘the reduction of the political to the economic’ (Wilson and Swyngedouw, 2015:8) and the end of utopia had much to do with Valencia’s process of incipient re-politicisation since they became the representation of the decline of democracy. Notably, *Compromís* was the party more visibly responsible for changing the symbolic meaning of mega-projects from embodying success and local pride to embodying over-spending, inequality and corruption.

While post-politicisation – and therefore re-politicisation – are necessarily incomplete processes, exploring further ideational issues of symbolism and embodiment can contribute, theoretically, to understand better the links between post-politicisation and neoliberalism and, empirically, to understand better how and to what extent symbolic representation can contribute to constituting but also to challenging and disrupting the post-political order and neoliberal common sense.

## Notes

1. The PSOE, a socialist party by name but which defines itself as social-democratic and is representative of Third Way politics in Spain, was in office in local government between 1979 and 1991 and in the regional government between 1983 and 1995. The

PP, the conservative party, was in office locally between 1991 and 2015 and regionally between 1995 and 2015.

2. This daily newspaper has the highest circulation in Spain and is sociologically and ideologically close to PSOE.

3. This daily newspaper has the second highest circulation in Spain and is sociologically and ideologically close to PP.

4. Left-wing green party and nationalist party coalition which had very visibly campaigned against Valencia's urban policy

5. A new party considered to be the inheritor of the *Indignados* movement.

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